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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

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R 220950Z MAR 77

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 9606

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EO 11652: NA

TAGS: EFIN EALR GR

SUBJECT: CURRENT STATUS OF GREEK OFFICIAL CREDIT LINES
AND DRAWINGS

REF: A. ATHENS A-29; B. 76 ATHENS 10553;

C. 76 ATHENS 11920; D. ATHENS 1953; E. ATHENS A-36

DEPARTMENT PASS TREASURE AND EXIMBANK

1. SUMMARY AND COMMENT: THIS CABLE DESCRIBES THE CURRENT STATUS OF CREDIT LINES AVAILABLE TO THE GOG AND RELATED AGENCIES, AND 1976 DRAWINGS ON THESE LINES, INSOFAR AS WE ARE ABLE TO ASCERTAIN FROM BANK OF GREECE DATA AND INFORMAL DISCUSSIONS WITH BANK OFFICIALS. DREAWINGS AMOUNTED TO \$272 MILLION BY THE END OF OCTOBER 1976, AND PROBABLY REACHED ROUGHLY \$406 MILLION BY THE END OF 1976, SOMEWHAT MORE THAN THE \$364 MILLION REPORTED IN REF A. THIS IS BECAUSE MORE RECENT INFORMATION INDICATES THAT IN DECEMBER THE NATIONAL BANK OF GREECE DREW CONSIDERABLY MORE THAN ANTICIPATED

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FROM DM CREDIT LINES, INCREASING COMMERCIAL BANK BORROWING FROM \$70 MILLION TO AROUND \$110 MILLION. (THE BALANCE OF PAYMENTS ACCOUNT SHOWING DEPOSITS IN FOREIGN EXCHANGE TO GREEK BANKS, PRELIMINARILY REPORTED AS \$550 MILLION (REF A, TABLE II) SHOULD ACCORDINGLY BE REVISED TO AROUND \$510 MILLION.)

2. AT THE BEGINNING OF 1977, EXISTING APPROVED CREDIT LINES, EXCLUDING PROJECT-TIED LOANS, AMOUNTED TO AROUND \$800 MILLION. WITH THIS LARGE AMOUNT OF CREDIT TO DRAW ON, AND ITS GOOD INTERNATIONAL CREDIT RATING, THE GOG WILL HAVE NO DIFFICULTY FINANCING THE PROJECTED BALANCE OF PAYMENTS DEFICIT (\$350-400 MILLION) AGAIN THIS YEAR. THE BANK OF GREECE WOULD, HOWEVER, LIKE TO LENGTHEN THE AVERAGE MATURITY OF ITS LOANS, THEREBY REDUCING THE CURRENT AND PROSPECTIVE ANNUAL LEVEL OF DEBT SERVICING. END SUMMARY.

3. GREEK STATE AID AND LOANS:

1. US SECURITY ASSISTANCE: FOR FY 76 AND THE TRANSITIONAL QUARTER, THERE IS A TOTAL OF \$255 MILLION AVAILABLE IN US SECURITY ASSISTANCE (\$156 MILLION FMS, \$34 MILLION MAP GRANT, \$65 MILLION AID COMMODITY IMPORT LOAN). SEE REF B FOR AN EXPLANATION OF THE FMS AND MAP COMPONENTS, WHICH HAVE BEEN DISBURSED. THE \$65 MILLION AID LOAN IS STILL UNDISBURSED. FOR FY 1977, THERE IS \$127 MILLION FMS AND \$33 MILLION MAP, ALL OF WHICH HAS BEEN OBLIGATED, IF NOT DISBURSED. HOWEVER, AS WAS EXPLAINED IN REF B, FMS LOANS MAY NOT APPEAR IN BANK OF GREECE BALANCE OF PAYMENTS FIGURES, AND MAP GRANTS ARE NOT TREATED AS EITHER A FINANCIAL OR COMMERCIAL TRANSACTION.

B. COMMODITY CREDIT CORPORATION: OF THE \$40 MILLION CCC CREDIT FOR CORN DISBURSED IN FY 1976 LIMITED OFFICIAL USE

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(REF A), \$35 MILLION HAD BEEN DEBITED IN THE BALANCE OF PAYMENTS BY OCTOBER 1976. IN FY 77, TWO FURTHER CREDITS HAVE BEEN GRANTED, \$30 MILLION FOR CORN WHICH HAS NOW BEEN IMPORTED (REF C) AND \$28 MILLION FOR CORN WHICH HAS NOT BEEN TENDERED YET. THESE SHOULD APPEAR IN THE 1977 BALANCE OF PAYMENTS.

C. GERMAN STATE LOAN OF 1974: OF THE DM 180 MILLION (30 YEARS, TWO PERCENT INTEREST WITH TEN YEARS GRACE), DM 60 MILLION WERE DRAWN IN 1975; IN 1976 THE HELLENIC INDUSTRIAL DEVELOPMENT BANK (ETVA), NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT (NIBID), AND THE GREEK AGRICULTURAL BANK WERE EACH ALLOCATED DM 20 MILLION FROM THIS LOAN. NO DETAILS ON DRAWINGS ARE AVAILABLE YET.

D. GERMAN STATE LOAN OF 1977: THE GERMAN GOVERNMENT RECENTLY APPROVED A DM 40 MILLION LOAN TO THE GREEK AGRICULTURAL BANK FOR 30 YEARS AT

SIX PERCENT INTEREST (REF D).

E. FRENCH STATE LOANS OF 1975 (REF B):
OF THE FF 25 MILLION FRENCH STATE
LOAN AND THE FF 100 MILLION CREDIT FACILITIES, WHICH
EXPIRE IN JUNE 1977, VERY LITTLE HAS BEEN DRAWN. THIS IS A
"CREDIT-MIXTE" -- CONCESSIONAL FINANCING FOR FRENCH EXPORTS.

F. EUROPEAN COMMUNITY: THE PROJECT-TIED SECOND
FINANCIAL PROTOCOL, WHICH PROVIDES 280 MILLION UNITS
OF ACCOUNT OVER A FIVE YEAR PERIOD, WAS FINALLY
SIGNED IN FEB 1977 BUT CANNOT BE DRAWN UNTIL IT IS
RATIFIED BY ALL EC MEMBERS, WHICH COULD TAKE
AS MUCH AS A YEAR. IT IS LIKELY THAT GREECE WILL NOT
BE ABLE TO UTILIZE THE ENTIRE AMOUNT BEFORE EC ACCESSION.

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-----221119Z 037258 /12

R 220950Z MAR 77
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DEPARTMENT PASS TREASURY AND EXIMBANK

IBRD: DISBURSEMENTS OF PROJECT-TIED LOANS
AMOUNTED TO \$4.7 MILLION FROM JANUARY-OCTOBER 1976
AND WILL CONTINUE AS PROJECT IMPLEMENTATION PROCEEDS.
TOTAL UNDISBURSED AMOUNTS FOR APPROVED PROJECTS TO THE
GOG TOTALED \$185 MILLION BY SEPTEMBER 1976. IN
ADDITION, TWO NEW PROJECTS HAVE BEEN APPROVED, \$30
MILLION TO IMPROVE PROCESSING AND MARKETING OF FRUITS
AND VEGATABLES (REF B) AND \$35 MILLION FOR THE
THESSALONIKI AND VOLOS SEWERAGE
PROJECTS. OF THE TOTAL OF \$250 MILLION NOW AVAILABLE,

HOWEVER, WE ESTIMATE DRAWINGS IN 1977 IN A \$15 TO 25 MILLION RANGE, AS PROJECT IMPLEMENTATION HAS NOT BEEN RAPID.

H. CITIBANK: OF THE \$25 MILLION TEN-YEAR LOAN TO THE STATE OWNED HELLENIC AEROSPACE INDUSTRY (REF B), ALL HAS BEEN DRAWN, ALTHOUGH ONLY \$20.8 MILLION HAD ENTERED THE BANK OF GREECE FIGURES BY OCTOBER 1976.
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J. UNION DES BANQUES SUISSES: THE OCTOBER 1976 BALANCE OF PAYMENTS FIGURES SHOW A DRAWING OF \$12.8 MILLION BY THE GOG.

K. EUROPEAN COUNCIL: ACCORDING TO PRESS REPORTS, THE REHABILITATION FUND OF THE EUROPEAN COUNCIL HAS APPROVED A \$55 MILLION LOAN TO FINANCE SOCIAL PROGRAMS.

4. PUBLIC ENTERPRISE LOANS: BANK OF GREECE PRELIMINARY DATA (REF D) SHOW THAT PUBLIC ENTERPRISES DREW \$76.7 MILLION IN 1976. ALTHOUGH NO DETAILS ARE AVAILABLE YET, IT WAS MOST LIKELY DUE TO THE PUBLIC POWER CORPORATION (PPC) DRAWING ON LINES OF CREDIT CONTRACTED LAST YEAR (SEE REF C). PPC HAS TRADITIONALLY TAKEN THE BULK OF FOREIGN LOANS TO PUBLIC ENTERPRISES, AS ILLUSTRATED IN THE TABLE IN REF E.

5. BANK OF GREECE LOANS:

A. FIRST BOSTON - MANUFACTURER'S HANOVER REVOLVING CREDIT (REF B): \$80 MILLION CREDIT LINE STILL AVAILABLE.

B. FIRST BOSTON CONSORTIUM 1973 EUROLOAN (REF B): \$86 MILLION BALANCE STILL UNDRAWN.

C. CHASE MANHATTAN CONSORTIUM 1974 EUROLOAN (REF B): \$100 MILLION, STILL AVAILABLE.

D. FIRST BOSTON CORPORATION (REF C): \$125 MILLION PRIVATE PLACEMENT STILL UNDRAWN, AS FAR AS INFORMATION IS AVAILABLE.

E. IMF: DRAWINGS OF SDR 58 MILLION (\$67.4 MILLION)
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FROM COMPENSATORY FINANCING FACILITY IN SEPTEMBER 1976.

F. OTHER CREDITS, NET: (THESE ENTER BALANCE OF PAYMENTS DATA IN A MIXED ACCOUNT, CONSISTING MAINLY OF FOREIGN EXCHANGE DEPOSITS BY PRIVATE INDIVIDUALS, COMMERCIAL BANKS, ETC. TO THE BANK OF GREECE). THE \$58.9 MILLION INFLOW INTO THIS ACCOUNT FROM JAN-OCT 1976 INCREASES BANK OF GREECE DRAWINGS ACCORDINGLY.

6. OTHER BANKING INSTITUTIONS (GREEK COMMERCIAL AND INVESTMENT BANKS). (SEE TABLE IN REF E FOR DETAILS OF \$60.5 MILLION DRAWINGS DURING JAN-OCT 1976.

A. NATIONAL BANK OF GREECE CONTRACTED A FIVE YEAR DM 300 MILLION LOAN FROM CONSORTIUM LED BY BANK FUER GEMEINSWIRTSCHAFT A.G. AT 1 5/8 ABOVE THE LIBOR (REF C). DM 150 MILLION WERE DRAWN BY THE END OF 1976, AND THE BALANCE IN JAN 1977.

NATIONAL BANK ALSO DREW \$23 MILLION FROM A CONSORTIUM OF GERMAN BANKS BY OCT 1976, AND HAS AVAILABLE A SHORT-TERM \$25 MILLION REVOLVING CREDIT LINE FROM MANUFACTURERS HANOVER.

B. HELLENIC INDUSTRIAL DEVELOPMENT BANK (ETVA) WAS GRANTED A \$12 MILLION LOAN FROM A FOREIGN BANK CONSORTIUM LED BY CITIBANK AND LEHMAN BROTHERS. THIS IS ETVA'S FIRST EURODOLLAR LOAN. ETVA ALSO HAS AN UNUSED \$2.5 MILLION EXIMBANK CFF LINE OF CREDIT, BUT RECENT REGULATIONS LIMITING TRANSACTIONS TO \$500,000 OR LESS MAKE IT UNLIKELY THIS LINE WILL BE DRAWN, PARTICULARLY SINCE ETVA IS ABLE TO OBTAIN UNTIED LOANS FROM THE EURODOLLAR MARKET ON EQUALLY FAVORABLE TERMS.
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C. NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT DREW THE \$10 MILLION BALANCE OF THE EUROPEAN INVESTMENT BANK'S FIRST FINANCIAL PROTOCOL AND \$7 MILLION OF ITS IBRD PROJECT-TIED LOAN BY OCT 1976. NO DETAILS ARE AVAILABLE ON DRAWINGS FROM A \$30 MILLION BOND ISSUE (REF C).

7. A TABLE SUMMARIZING AVAILABLE CREDIT

LINES AND BORROWINGS IS BEING SENT BY AIRGRAM (REF E).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ECONOMIC STABILITY, BALANCE OF PAYMENTS, DEBT REPAYMENTS, CREDIT PROGRAMS
Control Number: n/a
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Sent Date: 22-Mar-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ATHENS02564
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770097-0958
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Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770337/aaaabfrf.tel
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Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ATHENS A-29, 76 ATHENS 10553, 76 ATHENS 11920, 77 ATHENS 1953, 77 ATHENS A-36
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3041040
Secure: OPEN
Status: NATIVE
Subject: CURRENT STATUS OF GREEK OFFICIAL CREDIT LINES AND DRAWINGS
TAGS: EFIN, EALR, GR, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/e6fd34b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009